

ACCOUNTING AND PURCHASING POLICIES AND PROCEDURES

DIRECT EXPENSES

Chart of Accounts Description

Acct. #	Description	Account Definition
Transport		
500000	Colocation - LSO/POP Rent	Rent charges from a local Telco for the use of its facility.
500001	Colocation - LSO/POP Other	All other charges, such as electricity, from local Telcos for related to use of its facility except rent.
500002	Colocation - Customer Building	Expenses relating to entering a new customer site or building.
500003	Circuit Lease - Type II	Expense for lease of LEC facilities for customer's circuits in association with Special Access II service.
500004	Data Expense	Expenses resulting from providing data services.
500005	Video Expense	Expenses resulting from providing video services.
500006	Network Type II	Expense for lease of infrastructure circuits from LEC's in association with Special Access services.
510000	Colocation-Rent Long Haul	Rent Charges from a local Telco for the use of its facility.
510001	Colocation-Other Long Haul	All other charges, such as electricity, from local Telcos related to the use of its facility except rent.
Basic Exchange Services		
520000	Features Software	Per line purchase of licensed software for telephone feature functionally including per line allocations of software purchased under corporate buy-out arrangements.
520001	Directory Assistance	Charges from third party providers of 411, operator services, intercepts and Line Information Database (LIDB) services, LIDB stores customer phone numbers, line credit card and third party billing information. Intercept provides callers with recorded announcements of phone number changes.
520002	Operator Assistance	Charges from third party provider of Operator Assistance services.

Acct. #	Description	Account Definition
520003	E911 Expense	Charges from third party provider of E911 services.
520004	SS7 Expense	Charges from third party providers of SS7 services.
520005	Number Portability Expense	Costs Associated with providing number portability. This account would include one time and recurring costs to incumbent LEC. Do not include costs incurred for encouraging customer to change number.
520006	Inter State Access Expense	Expense incurred to complete an InterLata Toll Call.
520007	Voice Mail Expense	Costs for providing voice mail products such as costs for call answering, messaging, greeting, remainder and retention.
520008	Local Telephony Service	Expense associated with the resell of local service.
520009	Directory Expense	Costs related to directory listings, additional business listings, directory charges and other directory services.
Long Distance		
530000	LD One Plus – Domestic	Expenses associated with the resell of LD One Plus – Domestic.
530001	LD One Plus – International	Expenses associated with the resell of LD One Plus – International.
530002	LD Account Codes	Not in use.
530003	LD Calling Card	Expenses associated with the resell of LD Calling Cards.
530004	LD Inbound 8XX	Not in use.
530005	LD Switched Access	Expenses associated with the resell of Long Distance Access.
530006	LD Facilities	
Internet Switched Access		
540000	Internet Switched Access	Not in use.
540001	Internet Equipment Expenses	Costs of equipment that is given or sold to customers related to internet access.
540002	Warranty Expense	Costs incurred from the fulfilling service satisfaction guarantee services. This would include the costs of transferring customer back to the LEC.

Acct. #	Description	Account Definition
540003	Backbone Lease	Expenses related to network infrastructure required to provide connectivity between edge devices.
540004	Peering	Expenses related to the exchange of traffic directly over dedicated circuits between ISP's instead of using a backbone.
540005	Transit Expense	Transit costs associated with backbone costs - IDD only.
540006	IP Centrex VAR Expense	Expenses for value add reseller costs related to IP Centrex revenue, basically for expense incurred at the customer premises (i.e. installation, training, maintenance, etc.).
540007	Web Hosting Expense	To record expenses for Web Hosting services through an outside vendor.
Switched Access		
560000	Rebate Expense	Cost of agreed upon rebate for customer usage of 800 service.
560001	Switched Access	Switched access expense charged from LECs for terminating interstate usage.
560002	800 Origination Expense	Costs related to 800 traffic.
Construction		
565000	Construction Expense	Expenses associated with the cost of construction.
Mutual Compensation		
570000	Mutual Comp Expense – Local	Charges from a third party provider for connecting local traffic to its telephone network including local Telco's and Cellular phone companies.
570001	IntraLATA Toll Expense	Charges from a third party provider for connecting interlata traffic to its telephone network including local Telco's and Cellular phone companies
570002	Interconnection Trunking Expense	Charges from a third party provider for connecting trunking (circuit portion) to its telephone network including local Telco's and Cellular phone companies.
570003	ISP Expense	Charges from a third party provider for connecting local ISP traffic to its telephone network including local Telco's and Cellular phone companies.

Acct. #	Description	Account Definition
Other		
580003	Late Charges	Fees collected for late payment of bills by customers.
580997	Excise & Special Tax Expense	Costs for various Excise and Special Tax payments.
580998	USF Expense	Universal Service Fund expense.
580999	Other Direct Expenses	Miscellaneous other expenses not detailed above.
Variable Expense		
590000	Billing Costs - Transport	Variable costs associated with the transport billing system, including monthly vendor charges, third party lease to other ancillary charges appearing on the billing vendor invoice.
590001	Billing Costs - Switched Service	Variable costs associated with the switched services billing system, including monthly vendor charges, third party lease to other ancillary charges appearing on the billing vendor invoice.
590002	Billing Costs - Other	Variable costs associated with the LD and other billing system, including monthly vendor charges, third party lease to other ancillary charges appearing on the billing vendor invoice.
590100	Data Processing	Charges from third parties of data processing services other than billing relating to revenue.
590101	Franchise Fees	Payments to city, county and other authorities for franchise fees based on Franchise Agreements. In certain areas these may include special fees paid to various state commissions.
590200	Bad Debt Expense	The amount of present account receivable estimated to be uncollectable and adjustments to ending reserve balance reflecting changes in accounts receivable aging. These are not necessarily the same as accounts written off. Collection of accounts previously written off should be coded to account 590202.
590201	Bad Debt Write Offs	Amounts in accounts receivable determined to be uncollectable and that are taken out of the accounts receivable balance. Accounts are written off when sent to a collection agency.
590202	Bad Debt Recoveries	Amounts of accounts receivable previously written off that were received in cash.
590203	Bad Debt Tax Recoveries	
590300	Collections Expense	Charges from third parties for bad debt collection efforts. Typically charges from Collection Agencies withheld from amounts collected from customers on behalf of TWTC.